

GOVAFFAIRS

GENERAL LEGISLATIVE MATTERS



RC SEEKS BILL DRAFTING ASSISTANCE

Following the Regional Council's June 3rd authorization to seek specialized bill drafting assistance, SCAG engaged an expert in the field on federal tax law to prepare language regarding 1) freight infrastructure investment and tax credit provisions—tax credit equity, 2) the Freight Infrastructure Development Obligations (FIDO) Pilot Program—tax credit bonds—and 3) TIFIA.

For more information about the legislative program, please contact Donald Rhodes, Manager of Public and Government Affairs at 213.236.1840 or rhodes@scag.ca.gov.



2005 Federal Transportation Appropriations

The House Subcommittee on Transportation, Treasury and Related Agencies Appropriations marked up the FY 05 Appropriations bill on Thursday, July 15th. In total, the bill provides more than \$89.9 billion, an increase of \$1 billion over the President's request but \$495 million below the FY 04 level. Discretionary spending is \$25.4 billion, \$275 million below the President's request and \$2.9 billion below the FY 04 level. Transit program spending totals \$7,249 billion, including only \$1 billion for new fixed guideway systems. This is \$300 million less than last year's allocated levels. Federal-aid highways spending is \$34.6 billion, the same as the House-passed authorization level. This is an increase of \$1 billion over the President's request and the FY 04 enacted level. There were no highway projects earmarked; they will be dealt with later in Conference. A total of \$14 billion is provided to the Federal Aviation Administration (FAA), \$169 million over the FY 04 enacted level and \$53 million over the President's request. The full committee is expected to markup the bill before Congress adjourns for its summer recess.

2004-05 State Budget

The State Legislature has yet to pass a state budget, now weeks into the new fiscal year. One of the main issues of contention is the agreement the Governor made with cities and counties, that would have taken \$1.3 billion from cities and counties this year and next year in exchange for a constitutional amendment prohibiting further raids of local government funds. On July 9, local leaders and the Administration made significant revisions to the Local Government Agreement that local officials had negotiated with the Governor in May in an effort to respond to concerns by legislators. The July 9th revised framework provides strong protections of local revenues in the future, while also providing the State with flexibility to borrow local funds in the event of a fiscal emergency. On July 14th, the Senate Constitutional Amendments Committee passed SCA 9 (Torlakson), the Senate's version of constitutional protection for local revenues. The League of California Cities is opposed to this measure because it lacks the same degree of protection for local revenues. While the negotiation on a constitutional amendment continues, the proposal to take \$2.6 billion from local governments over the next two years to help the state solve its budget problems appears to be firm.

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LOBBYISTS' UPDATE

From The C2 Group

House and Senate conferees continue to discuss final funding formulas for the six-year transportation reauthorization bill. House Republicans were apparently close to officially recommending that conferees draft a six-year bill with \$295 billion in contract authority and \$288 billion in guaranteed funding. Senators have continued to push for their \$318 billion funding proposal but have indicated that they might accept this figure depending on the details, which are absent from the discussion. The White House continues to insist on its \$256

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SCAG HIGH PRIORITY PROJECTS FOR FY 2005 APPROPRIATIONS

The projects are not only crucial to the mobility needs in our Southern California region, but also our attainment of the national air quality standards for 2010. The following FY 05 Appropriations Request projects are identified as Transportation Control Measures (TCMs) in the Regional Transportation Plan (RTP) and in the State Implementation Plan (SIP): Eastside Light Rail Transit Project, I-405 HOV Lanes, Alameda Corridor East, Orange County Centerline Rail Transit Project, and SR-91 HOV Lanes.

GENERAL LEGISLATIVE MATTERS *continued*

On June 21st, Governor Schwarzenegger signed a compact agreement with five tribal governments that will bring in at least \$1 billion in new state revenue this year. The Governor has proposed dedicating this revenue to transportation projects. In addition, this agreement can generate another \$150-\$200 million a year in ongoing state revenue. In order to protect these agreements, which provide a contribution of gaming revenue to the State in exchange for exclusivity for tribal gaming, Governor Schwarzenegger announced he will oppose a ballot initiative that could result in slot machines in certain card rooms and race tracks. The compacts were ratified by the Legislature with the passage of AB 687 (Nunez), chaptered on July 1st.

LOBBYISTS' UPDATE *continued*

billion funding figure and has not budged from its veto threat. The delays with the reauthorization proposal have caused delays with appropriators on both sides.

The House Transportation Appropriations Subcommittee passed its FY 05 bill on Thursday, July 15th. The bill provides \$34.6 billion for federal-aid highways spending, but it only includes a few earmarks. SCAG's Washington office continues to meet with members and staff of the Ways and Means and Finance Committee to advocate for the inclusion of innovative financing proposals for large infrastructure projects in the transportation bill.

From Bauer Government Relations

The Legislature is in the midst of a difficult budget discussion with Governor Schwarzenegger regarding local government funding. The budget, expected to be passed and signed close to the beginning of the Fiscal Year (July 1), is now weeks late.

While the budget deliberations continue among the legislative leadership and the Governor, other legislative activity is generally halted. This is true of the design-build legislation, which we are following closely. The Legislature will reconvene the first week of August and begin moving the bills remaining on their files. The legislative session adjourns August 31st.

On behalf of SCAG, we are working with members of the Legislature to advance design-build legislation. We are optimistic that the "design-build conference committee" will include language in their report that allows revenue collection to be a component of the legislation. We believe that to meet the needs of the region, additional dollars, beyond current revenue streams, must be maximized to increase goods movement, transportation infrastructure and to keep Southern California's economy going.

We have been meeting regularly with legislators and staff to advance SCAG's recently adopted Regional Transportation Plan (RTP). In addition, we have been meeting with Administration officials to increase awareness of the Regional Council's action and to advance legislation that implements the RC's vision. A Senate hearing has been scheduled for August 6th in Ontario to highlight transportation infrastructure development in the Inland Empire. SCAG has been invited by Senator Nell Soto to provide testimony on urban infrastructure as it relates to goods movement.